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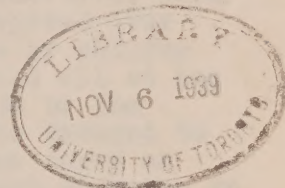
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From: R. F. Parke,
Toronto Storage & Transport Co. Ltd.

Toronto 2, Ontario
November 15th, 1937



Your Honour and Members of Royal Commission
to Investigate Motor Truck Industry.

Your Honour and Gentlemen :-

This brief, hastily prepared at this eleventh hour, is respectfully submitted with a view to proving the weakness of the present haphazard and discriminatory system of motor truck transportation.

The movement of freight traffic via the highway route is a business which grew over-night, from the immature youth of a weekly service over gravel and unimproved roads to certain points within a then hundred miles radius of the larger urban centres, into an uncontrolled major industry with hundreds of motor vehicles rumbling over all paved and unpaved highways of the Province, with International connections and with distance a secondary consideration. Today freight moves from points in the interior of the United States via Detroit and Buffalo to interior points in Ontario and Quebec.

At first, many shippers were unwilling to take advantage of this new system. Uncertainty as to practicability, concern respecting reputation and financial responsibility of the operator, lack of a proper classification and rate basis, and the embryonic nature of the experiment were the then determining factors. Even the Railways were skeptical, and certainly appeared to be asleep at the switch, for it was only when carload movement was affected that any serious attempt was made to meet this new form of competition. We pioneered a trucking service from Toronto to points in the Niagara District, giving a first-class service at railway rates, in some cases higher, on a classification and rate basis to fourth class. We had no intention nor desire to compete with rail carriers' carload traffic. We have every reason to believe we were the first highway carriers in Canada to inaugurate and endeavor to maintain this form of service, adopting these contractual clauses of the railway bill of lading adaptable to the new method, using a joint waybill and delivery form, and adhering to railway accounting practice so as to disturb as little as possible the then accepted mode of procedure.

From a one truck weekly schedule, Toronto to St. Catharines and Niagara Falls, the heavy increase in traffic within sixty days necessitated the purchase of six additional trucks to maintain a daily service to Grimsby and intermediate points to Fort Erie.

The rates were entirely in accord with the nature and volume of the traffic, wages were commensurate (\$72.50 per truck per week on basis of \$37.50 to first driver and \$35.00 to second driver with a round trip completed the same day), employees were satisfied, and a fair profit was made.

We thought we were in Utopia, But then, the competitor entered into the picture, along with the fly-by-night operator with his trail

THE
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WASHINGTON, D. C. 20250



TO THE SECRETARY OF THE INTERIOR
FROM THE DIRECTOR OF THE BUREAU OF LAND MANAGEMENT
SUBJECT: [Illegible]

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of debts and the inevitable bug-bear, the "chiseller". Result, rate slashing, lowered wages. Carload lots, mainstay of rail carriers, were accepted at less than the classified rate, with movement spread over days and even weeks, with consequent huge savings effected by shipper and consignee, with no apparent benefit to the consumer, and all at the expense of the carrier's employees. It may be added, also to the sorrow of certain truck Sales and Distribution Agencies who catered to this class and who are no longer in business. Rather than carry on under such suicidal conditions, we disposed of our transport division to a cut-throat competitor who subsequently assigned with heavy losses to creditors.

Prior to abandoning the transport business, and with a view to ameliorating conditions, a few of the operators interested held a meeting in our office and the Automotive Transport Association was born. It is interesting to note that none of the companies present at its birth is in the business to-day and but two of the Charter officials are now engaged in the industry. Did rate slashing produce dividends? The writer, railway trained, observing that those present at that meeting were all more or less inexperienced in traffic routine, foreseeing resultant state of chaos, and having in mind the Federal Railway regulatory Commission, recommended and strongly urged rate regulation and control, suggesting the Ontario Railway and Municipal Board as the ideal medium. Had action been taken at the time the chiseller and the cut-rate artist would have been eliminated, rates would have been maintained on a railway parity basis, thereby preserving a satisfactory wage level, and there would have been no necessity for the present Royal Commission.

It may be represented that the Automotive Transport Association has recently formulated a rate structure said to have met with the approval of its members who have agreed to abide by it. However the Association is not a disciplinary body with power to penalize infractions other than by expulsion and I doubt very much if all members ever will live up to these agreements, what is needed is the strong arm of a properly constituted regulatory body.

In the United States inter-state traffic is regulated by the Interstate Commerce Commission which controls all forms of Inter-State transportation. The majority of the individual states regulate intra-state traffic. At first there was chaos in the regulations, but experience brought a very definite control of rates.

That there is sore need for rate regulation and control in the Province of Ontario may be well proven by illustration.

I have, among others, ten clients who are in the same highly competitive line of business and I have no hesitation in stating that I can obtain ten different rate quotations from ten different transport companies operating between the same given points.

The highway carrier is not alone to blame for rate cutting. There are "chisellers" among shippers and receivers of freight. I have had the experience of shipper and consignee playing one carrier against the other to obtain lowest possible rates. If time and space permitted instance after instance could be given of rate slashing and cut-throat

methods. I do know of cases where transport freight solicitors have been told to use their own judgment in quoting rates. If this is not discrimination, then I am a poor judge of human nature.

Another factor which has developed just recently and which is bound to carry considerable weight, is that the transport worker is awakening at last to the reality that he has been the under-dog and is now beginning to assert himself. He has organized himself into a Union and has joined hands with the Brotherhood of Railway Clerks and Freight Handlers for mutual protection. No doubt, this body will submit a brief to your Commission and it follows that the railways should be more than passively interested.

I do not propose to discuss the question of taxes or license fees beyond offering the suggestion that in return for protection in the matter of the remunerative rate structure and other considerations, the more responsible and reputable highway carrier might not be adverse to a fair and equitable tax assessment. Nor do I intend dealing with the hours of labor as, no doubt, that phase will be quite capably taken care of by spokesmen for those concerned.

There is another point which I would respectfully stress upon and that is accounting methods. Frankly, some carriers have absolutely no idea of the first principles of ordinary book-keeping. I know of instances where accounts have been forwarded to shippers and receivers of freight, with evidently no record kept as the items are still outstanding a year or two after freight moved. There should be a uniform system of accounting which can be enforced only by regulatory methods.

In an address by the Honorable C. D. Howe, Minister of Transports, before the Canadian Club a short time ago, he stated Inter-alia :-

"The question is what should be done? I refer again to the Board of Railway Commissioners. It was set up for the purpose of standing between the public and the railways to insure fair play for both in matters affecting railway operation. Its principal duty is to avoid discrimination, and its examinations and rates is largely from that basis. In addition it was to protect employees,...also to protect the public. Nobody can say that the Board has not played a very valuable part in the development of the Railways, and the question is why should it be confined to Railways? Is its work not just as applicable to other forms of transportation.

I concur with Mr. Howe in the matter of federal control of inter-provincial traffic. Intra-provincial movement, however, is a matter solely the concern of the Province.

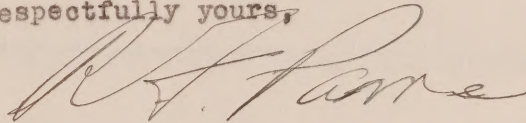
So long as there is no proper control, so long will there be rate-skating and discrimination. After all the best law is the law of common sense and common sense tells us that proper control is the

only remedy.

It is to be hoped that your Commission will be well informed on the problems confronting the industry and that a solution satisfactory to all concerned will be found.

Rate regulation and control is the only salvation for the industry and the old saying "eventually, why not now, fits in admirably.

Respectfully yours,

A handwritten signature in cursive script, appearing to read "R. H. Farnes". The signature is written in dark ink and is positioned below the typed name "R. H. Farnes".

